

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 30185 162236Z

63

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 IO-10 NIC-01 ACDA-05 OMB-01 BIB-01 EB-07 CU-02

SAJ-01 AEC-05 SAM-01 FRB-01 NEA-06 COME-00 STR-01

FEA-01 AGR-05 TRSE-00 /103 W
----- 080268

R 162013Z DEC 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 5198

LIMITED OFFICIAL USE PARIS 30185

FOLLOWING ORIGINALLY SENT 12/13/74 INFO MOSCOW, EC BRUSSELS
AND IS NOW REPEATED FOR YOUR INFO:

QUOTE

LIMITED OFFICIAL USE PARIS 29978

E.O. 11652: N/A

TAGS: PFOR FR UR

SUBJ: DREE OFFICIALS' COMMENTS ON ECONOMIC ASPECTS
OF BREZHNEV VISIT.

REF: PARIS 29492

1. SUMMARY: IN SEPARATE CONVERSATIONS, DE MOREL AND
FEVRIER, RESPECTIVELY DREE DIRECTOR AND USSR DESK
OFFICER, PROVIDED ADDITIONAL DETAILS ON ECONOMIC
ASPECTS OF BREZHNEV VISIT.

2. IN CONVERSATION WITH MINECON, DE MOREL STATED THAT
TWO MOST IMPORTANT ASPECTS OF AGREEMENT WERE: (A) AN
ANNEX TO FIVE-YEAR ECONOMIC COOPERATION AGREEMENT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 30185 162236Z

GIVING SOVIETS MFN STATUS IN FRENCH MARKET. THIS WILL

ENABLE THEM TO PROFIT FROM ANY REDUCTIONS IN EC COMMON EXTERNAL TARIFF NEGOTIATED AT FORTHCOMING MTN. FRENCH CONSULTED COMMUNITY PARTNERS BEFORE INCLUDING THIS MFN CLAUSE. ACCORDING TO DE MOREL, THIS HAD IMPORTANT PSYCHOLOGICAL IMPLICATIONS FOR SOVIETS BECAUSE OF MFN PROBLEMS WITH US; (B) TEN-YEAR INDUSTRIAL COOPERATION AGREEMENT WILL BE IMPORTANT FOR SOME INDUSTRY SECTORS. WHILE LESS THAN TWO PERCENT OF FRENCH EXPORTS GO TO USSR, LEVELS CONTEMPLATED IN THIS AGREEMENT FOR CAPITAL GOODS SECTOR FOR INSTANCE, WILL REACH SIX TO SEVEN PERCENT.

3. DE MOREL GAVE AS PERSONAL ASSESSMENT THAT BASIC SOVIET MOTIVATION IN THESE TALKS WAS TO GAIN MAXIMUM ACCESS TO WESTERN TECHNOLOGY WHICH ESSENTIAL TO MODERNIZATION OF THEIR ECONOMY. HE SEES SUBTLE CHANGES IN SOVIET THINKING IN THAT TWO OR THREE YEARS AGO THEY SEEMED TO BELIEVE ADVANCED TECHNOLOGY AVAILABLE ONLY IN US BUT THEY NOW MORE WILLING SEEK HIGH TECHNOLOGY ITEMS IN EUROPE.

4. FOUR SEPARATE AGREEMENTS WERE SIGNED. IN CONVERSATION WITH EMBOFF FEVRIER HAD FOLLOWING COMMENTS ON EACH: FIVE YEAR ECONOMIC COOPERATION AGREEMENT: THIS DOCUMENT IS OF LITTLE IMPORTANCE. HOWEVER, CONTRARY TO FRENCH WISHES, BREZHNEV INSISTED ON SIGNING AND THIS REQUIRED LAST MINUTE RETYPING OF DOCUMENT. A MINISTER SIGNS "POUR LE GOUVERNEMENT FRANCAIS" WHILE THE PRESIDENT SIGNS "POUR LA REPUBLIQUE FRANCAISE". FEVRIER ALSO

NOTED IMPORTANCE TO SOVIETS OF MFN ANNEX; TEN YEAR INDUSTRIAL COOPERATION AGREEMENT: THIS REVISES AND UPDATES SIMILAR AGREEMENT SIGNED IN JULY 1973. PROJECTS ENVISIONED IN 1973 WHICH DID NOT PROVE FEASIBLE WERE DROPPED AND NEW ONES ADDED, MOST IMPORTANT BEING THE PECHINEY ALUMINUM PROJECT; TWENTY YEAR GAS DELIVERY AGREEMENT: DELIVERY OF SOVIET GAS TO FRANCE WILL BEGIN IN 1978. IN PERIOD 1976 - 78 SOVIETS WILL DELIVER 5 MILLION CUBIC METERS OF GAS VIA EXISTING PIPELINES TO ITALY. DURING SAME PERIOD FRANCE WILL IMPORT EQUIVALENT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 30185 162236Z

AMOUNT FROM HOLLAND WHICH ORIGINALLY DESTINED FOR ITALY. FOR DIRECT DELIVERY OF SOVIET GAS TO FRANCE, PIPELINE MUST BE CONSTRUCTED FROM EXISTING LINE IN AUSTRIA THROUGH SOUTHERN GERMANY TO JOIN FRENCH NETWORK IN ALSACE. SIZE AND CONSTRUCTION SCHEDULE FOR THIS NEW PIPELINE NOT YET DETERMINED. IT MAY BE BUILT TO HANDLE SOVIET GAS ONLY OR MAY BE LARGE ENOUGH TO ALSO HANDLE INPUT FROM ALGERIA VIA ITALY. IMPORTANT ANNEX TO THIS

AGREEMENT PROVIDES THAT AFTER 1980 IT MAY BE RENEGOTIATED TO PROVIDE MORE THAN THE 4 MILLION CUBIC METERS PER YEAR AGREED UPON IN ORIGINAL PROTOCOL; CREDIT AGREEMENT: FEBRIER WOULD NOT PROVIDE EXACT FIGURES ON CREDIT TERMS. HE AGREED THAT PRESS REPORTS ON INTEREST RATES, 7.2 TO 7.5 PERCENT, WERE CLOSE AND THAT TOTAL CREDITS WERE 12.5 BILLION FRANCS FOR FIVE-YEAR PERIOD. OF 12.5 BILLION FRANCS, 3 BILLION ALLOCATED FOR SMALL AND MEDIUM SIZE TRANSACTIONS, 7 BILLION FOR LARGED PROJECTS, AND 2.5 BILLION FOR STEEL PIPE AND PIPELINE CONSTRUCTION. CLAUSE IN AGREEMENT PROVIDES FOR RENEGOTIATION OF MINIMUM INTEREST RATE (I.E. RATE FOR LARGE TRANSACTIONS) AFTER 2 1/2 YEARS AND RENEGOTIATION OF MAXIMUM RATE AFTER ONE YEAR. EXCEPTION IS MADE FOR SHIP CONSTRUCTION TO COMPLY WITH OECD PROTOCOL LIMITING MINIMUM INTEREST RATE TO 8 PERCENT.

5. THIS LATEST EXAMPLE OF FRANCEO-SOVIET ECONOMIC SUMMITRY REAFFIRMS AND CONTINUES PAST POLICIES. THERE IS NOTHING INNOVATIVE IN AGREEMENTS; MERELY MINOR ADJUSTMENTS TO CHANGING CIRCUMSTANCES. PROJECTED VALUE OF TRADE IS NOT OF MAJOR IMPORTANCE TO EITHER PARTNER. SOVIETS PROBABLY VALUE THESE ECONOMIC AGREEMENTS MAINLY FOR ACCESS THEY PROVIDE TO ADVANCED WESTERN TECHNOLOGY AND MFN TREATMENT. FOR FRENCH, MOST IMPORTANT ECONOMIC RESULT IS PROBABLY ASSURED SUPPLY OF APPROXIMATELY TEN PERCENT OF THEIR NATURAL GAS REQUIREMENTS FOR TWENTY YEARS AND IN PERIOD OF HIGH UNEMPLOYMENT AND ECONOMIC UNCERTAINTY, STRICTLY COMMERCIAL ASPECTS OF AGREEMENT HAVE SOME IMPORTANCE.
STONE UNQUOTESTONE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC REPORTS, SUMMIT MEETINGS, INTERGOVERNMENTAL COOPERATION, ECONOMIC AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PARIS30185
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740365-0283
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741232/aaaabbd.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 74 PARIS 29492
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2002 by boyleja>; APPROVED <24 MAR 2003 by ElyME>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DREE OFFICIALS' COMMENTS ON ECONOMIC ASPECTS OF BREZHNEV VISIT.
TAGS: PFOR, FR, UR, (GISCARD D'ESTAING, VALERY), (BREZHNEV, LEONID I)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005